POST SUMMER 2000

ALBERTA TOURISM STUDY

PRESENTED BY:

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Alberta
ECONOMIC DEVELOPMENT

The Post Summer 2000 Alberta Tourism Survey, a province-wide review of Alberta's tourism industry, was completed in September 2000. 76 hotels, attractions, events, campgrounds, car-rental agencies and tour companies contributed their comments, observations and operating results. This survey provides a synopsis of tourism activity in 11 designated regions and three tourism industry sectors.

Provincial Overview:

Albertans are the province's number one leisure travelers, report Alberta tourism operators.

The tourism-related trend in 2000 was generally similar to or below 1999 levels. While several bright spots were identified, there was a decline in leisure travel, especially in the mountain parks, near park areas, and large metropolitan centres. There were decreases in tour group traffic throughout the province. A stronger, energy-driven corporate sector supported the accommodation industry with few exceptions. Weather-dependent venues profited by generally good summer conditions, although inclement June and August weekend weather affected some areas, resulting in decreased visitor attendance.

Mountain parks and near mountain park tourism venues continued to enjoy occupancy levels averaging over 90 per cent, but this was the first summer in a while that vacancies were evident. There were some instances of rate discounting at some of the larger properties. Most operators attributed overall decreased park travel to a reduced number of airline seats into the Alberta market.

U.S. visitors continue to be Alberta's major foreign travelers, but there were isolated reports of Americans not extending their stays as long into the summer season due to the pending presidential elections. The European travel market held steady throughout the province, with German and U.K. visitors predominant as in past years. Italian, French, Australian and Israeli visitors were also more noticeable in the marketplace. A bright spot was continuing improvement in the Asian market, led by the Koreans and Taiwanese. This year, Japanese tourists were fewer and operators characterized them as being price aggressive.

Properties outside major tourist areas are experiencing success in specific destination travel, by targeting their marketing to Alberta's provincial neighbours – especially Saskatchewan and British Columbia. Alberta travellers continue to represent the largest visitor base for provincial tourism operators. Their market importance is crucial to the majority of tourist-related venues in non-destination areas. Destination resort areas increasingly recognize their significance in filling shoulder season vacancies.

There were a number of recurring participant observations significant to Alberta's tourism industry:

- Decreased airline service into the Alberta marketplace has and will continue to have repercussions on Alberta's tourism industry. Decreased

travel by individual foreign visitors and the reduction in tour group business was evident this year.

- The potential adverse ramification of Bill C-27 is of concern to National Park tourism providers.

- In several markets, existing operators are concerned about the over-supply of new accommodation units and the impact on individual occupancy levels and market pricing.

- Concerns regarding increased operating costs were more prevalent in this year's survey.

Calgary:

Calgary's 2000 summer tourism season is one of mixed results, with occupancy levels ranging between 70 per cent and 85 per cent. This represents an average market occupancy decline of five per cent. June and July were the busiest summer months, with a noticeable reduction in August's visitor levels. Although leisure visits were down, there was marked improvement in corporate sector travel. Properties were able to counteract occupancy declines by maintaining or increasing net revenue positions through market rate adjustments.

Hotel food, beverage and retail sales mirrored the declining occupancy levels and are considered flat to date.

A solid convention trade was the bright spot for Calgary's hospitality industry in summer 2000, with two major city-wide conventions held this year. This positive impact on all facets of the industry increased business at least three per cent over prior years.

A decline in the leisure travel market was driven by reduced tour group traffic, dropping as much as 10 per cent at some venues. Japanese tour travellers were not in evidence in the same numbers as they have been in past years. The individual foreign travel market also has not reached previously attained levels.

Calgary's summer weather was particularly good. As a result, outside attractions, in combination with good promotions, experienced increases in the number of visitors and net revenue.

The expected trend for the remainder of the year is to maintain business at present levels, led by a strengthening corporate sector.

With the addition of new hotels in city centre and airport vicinities, concern is focused on further dilution in the Calgary marketplace. Following a strong convention year in 2000, there are no major conventions yet booked for next year. Further concern is expressed about the negative impact of reduced air service into Calgary, and its effect on potential visitors to the market.

Edmonton:

The 2000 Edmonton accommodation market was a dichotomy: hotels in the city's core experienced occupancy decreases of about five per cent, while outlying properties generally reported strong gains. Survey consensus showed that the Edmonton marketplace accommodated increased leisure traffic, but corporate travel business declined.

Summer accommodation levels ranged from the high 60 per cent range to virtually full occupancy, with June proving to be a strong month. On-site food and beverage sales generally paralleled occupancy levels but, for the most part, were the same or better than last year. Most venues reported increases in their convention/meeting trade, with good growth in the smaller meeting trade.

Group tours represent a small but important component of overall business, and this segment showed improvement throughout the market. One property reported significantly higher tour business with the return of Brazilian tour groups who had cancelled in 1999. Increased U.S. visitor numbers more than offset a noticeable decline in Japanese tour participants. There were no significant visitor origin trends identified, although growing numbers of Italian, French and Taiwanese tourists visited Edmonton. Ontario tourists also had strong representation this year. Albertans represent the number one visitor group from both a leisure and corporate perspective. That market remains steady.

Poor summer weather conditions adversely affected outdoor attractions included in the survey. Events associated with Klondike Days did very well, bettering the 1999 attendance figure by 110,000 people. New approaches are being developed to involve the community and business sectors to a greater degree than in the past. Reporting indoor venues generally had a banner year, with average increases of 10 per cent. Edmonton's overall summer tourism season was generally described as flat.

An optimistic outlook prevails for the remainder of year 2000. Although leisure travel is expected to be flat, increased corporate travel is anticipated. Hotels report good advance bookings for the remainder of the year.

Prospects for next year are generally regarded as favourable. City centre hotels are more pessimistic, predicting a slump in advance 2001 accommodation and convention bookings. A positive is that the two world athletic championships occurring in 2001, the World Championships in Athletics and the World Triathlon Championships, will provide short windows of opportunity for full occupancy at rack rate prices. The industry did however express concern regarding the Edmonton focus on the world events' advertising to the exclusion of promoting the city's overall tourism attractions. Nevertheless, there is optimism that these athletic events will provide an unparalleled opportunity to showcase Edmonton to the world.

Banff:

A reported 22 per cent reduction in national park gate traffic and a 10 per cent decline in tour group business characterized Banff's summer tourism season. That translated into a weaker accommodation market as compared to 1999. This was the first summer in several years that vacancies were noticeable throughout the park. In some instances, aggressive pricing was implemented to fill rooms. Having said this, Banff still represents a strong foreign tourist market, reporting area occupancies of between 85 per cent and 99 per cent. Net revenue was mixed between properties, typically ranging from five per cent increases to reductions of five per cent from the prior year.

On-site food and beverage sales generally reflected occupancy trends, with positive results for those hotels booking summer conventions and meetings. Overall summer sales were comparable to 1999. Most properties lease out retail space so results are not available, but observations indicate that revenue may have been down. It was commented that visitors were more price conscious and resistant to higher-end item purchases.

Tour groups play a vital part in Banff's summer tourism business. This year tour visitor numbers were generally down, at some properties by as much as five per cent. Asian tours represented the largest declines but those were offset, to some extent, by increased tour traffic from United States, U.K. and German visitors.

The American market was good with noticeable increases in individual walk-in traffic. There was also reported improvement in visitors from Germany and the U.K. Japanese tourism decreased by as much as 10 per cent at some park properties. This market loss is largely attributed to the inability of airlines to provide Japanese travelers with bookings at their desired time and date. Hotels report no significant new market trends, although they noted increased numbers of Korean, Australian and Israeli visitors. Albertans travelled to Banff in the same numbers as last year, but traditionally use park accommodation in the shoulder season.

Hotels are forecasting a good September, but the consensus appears that sales for the remainder of the year will be at best equal or in some cases down from 1999. As always, weather conditions will have a strong bearing on fall and early winter tourist demand.

The 2001 outlook is optimistic, particularly if air traffic capacity problems can be resolved. Most venues are forecasting a positive year with strong advanced bookings. One major hotel is already fully committed for the 2001 summer season. As one operator stated, tourism is very resilient.

Canmore and Kananaskis:

Summer traffic in the Canmore/Kananaskis corridor is generally reported as comparable to 1999, although there was marked evidence of a late summer drop-off in tourist business. The year was characterized by aggressive market pricing resulting from declining tourism traffic through the national park.

Canmore hotels enjoyed occupancy levels from the low 80 per cent to the high 90 per cent range over the summer months. These are below 1999 levels. Kananaskis properties reported room occupancies in the mid-60 per cent range. Net revenue was reported about the same as last year, assisted in some cases by more efficient management practices. Those properties with on-site food and beverage facilities experienced sales decreases in excess of declining occupancy levels.

Area tour group business varied depending on emphasis placed by individual operators. Generally, it was consistent with past years. Several of the smaller Canmore properties do not solicit this type of business. Of interest is the fact that Japanese tour operators tended to be much more aggressive in their pricing demands. As a result, properties previously servicing that market did not do so this year. One hotel operator reported cancellation of three German tour groups because of currency concerns.

The U.S. market again proved strong with an increase in individual travellers. European visitors remained steady, led by Germany and the U.K. Visitor patterns have changed little from last year. Growth in travel was noticeable from South America, notably Argentina and Brazil, as well as from Israeli visitors. It was not significant enough to support a trend, however. Albertan shoulder season travel was up over 1999.

Film crew business in Kananaskis provided a pleasant increase in hotel activity.

Several properties are aggressively targeting convention/meeting business to Canmore with good results. This marketing effort has generated good off-peak season revenue.

Hoteliers are forecasting good fall and winter business depending upon snow and weather conditions. Operators are characterizing 2001 as a potential year of instability caused by price discounting, poor air service into Calgary and the value of the Canadian dollar.

Jasper:

Jasper's 2000 tourism season has not been a banner year to date. With early summer park traffic down a reported nine per cent, accommodation and attraction venues are experiencing less than full occupancy for the first time in several years.

Summer occupancy, although averaging in the mid to high 90 per cent range, is generally off three per cent to five per cent from previous years. Hotels have been able to maintain net revenue as a result of summer pricing increases, but the smaller hotels are expressing some trepidation that the price threshold may now have been reached. Operators are concerned about proposed substantial increases in national park land rents and higher utilities as a result of power deregulation.

Occupancy decreases are attributed to a noticeable decline in tour group business, especially during July and August. This trend continues with lower late season tour bookings in comparison to last year. The adverse airline situation is given as

a reason for this decrease: higher fares and fewer seats into the Alberta market. One operator advised that European air arrivals into Calgary were reportedly down about 18 per cent.

There were fewer Japanese tourists, requiring Jasper hotels to become more price competitive with other destination areas to attract this market. U.K. and Australian tourist business was steady at the smaller venues surveyed. Alberta visitor numbers were flat during the shoulder seasons. The Alberta traveller is considered significant for success in the value season between October and May; one large hotel will be aggressively targeting this market with packages and advertising promotions.

On-site food and beverage sales are down, reflecting lower group traffic and an increase in Jasper's restaurant industry. It is reported that Jasper restaurant revenue may be down as much as 20 per cent for the year. Another area of concern is the decline of convention/meeting business in relationship to competition from other national parks.

Forecasts for the remainder of the year project that business will be comparable or slightly down from last year. September has been strong, but October is of concern. The later months are dependent on the weather and snow.

2001 prospects are seen to be about the same as those for this year. In the early months, aggressive targeting will be directed to the international ski market. One venue has already successfully booked New Zealand skiers to Jasper. There will be a summer focus on the United States individual travel market. Optimism is dampened by ongoing air traffic concerns, future implications of Bill C-27 and shoulder season competitive pricing concerns.

Lethbridge:

Summer 2000 in Lethbridge demonstrated mixed results. Several venues endured a very poor year while others experienced very successful seasons. Overall consensus is that the Lethbridge tourism market did not achieve 1999 levels.

Survey participants characterize Lethbridge as a difficult market with which to capture flow-through tourist traffic. It is becoming an increasing challenge to capture tourist business, especially with the number of new and renovated properties coming on stream, significantly altering traditional business patterns.

Year-to-date business is down on average about five per cent with corresponding reductions in net revenue. 2000 proved to be very price-competitive, but the market was generally able to hold rates at last year's levels. Summer season occupancy ranged in establishments from the mid-80 per cent level to below 50 per cent. Consistent with elsewhere in the province, operators are noticing the impact of higher energy and taxation costs, which they have been generally unable to pass on through increased room rates.

Properties with on-site food and beverage facilities experienced sales decreases in excess of occupancy drop-off. This may attest to expansion of the restaurant market in the city.

Contrary to other regions, a noticeable decrease of corporate business is reported in Lethbridge. This has in part been offset by increased leisure tourism led by a strengthening seniors' market. Tour group business does not comprise a large market component and remained about the same or down slightly from 1999. Hoteliers noticed fewer Americans travelling this year and a growth in Saskatchewan visitors. Albertans continue to represent the single largest client base. One Lethbridge attraction reported a strong German and Japanese presence and more visitors from Holland.

A bright spot is that the meeting/convention market remained consistent with 1999, which was considered a good year. The outlook is solid for the remainder of this year.

Projections for the remainder of 2000 were mixed, varying from slow to a small increase. There is optimism for a stronger 2001 led by the leisure market. From the corporate side, one hotel linked a potential slow first-quarter forecast to the impact that this year's poor area crop conditions may have on Lethbridge's agriculture-dependent economy.

Medicine Hat:

Year 2000 travel in Medicine Hat is seen as statistically generally good. It is reported that visitor traffic to Medicine Hat's tourist information centre has doubled this year.

A strengthening corporate clientele, led by the energy sector, characterizes accommodation numbers. Leisure market travel is described as equal or slightly above corresponding 1999 activity. Occupancy levels increased on an average of one per cent to two per cent. Net revenue showed significantly higher growth in the range of seven per cent to eight per cent, resulting from market rate increases. Properties with on-site food and beverage facilities recorded small visitor increases but flat revenue from those venues.

Summer occupancy was in the mid- to high 90 per cent, exceeding 1999 levels in some cases by as much as 10 per cent. It was a very good summer, one hotel indicating that it had its best summer ever. Another lamented about being unable to fully service summer tourist demand because they were full with crew business.

Medicine Hat is primarily considered a stop-off point for the leisure traveller. Group tour business does not represent a significant component of overall business. One facility has been very successful in marketing and arranging casino tour packages from Saskatchewan.

Albertans are the major client group, relating in large part to the high commercial component. Visitors from Saskatchewan, Manitoba and, to a lesser extent British

Columbia, provide a strong market for Medicine Hat hotels. U.S. travellers remained steady or down slightly. While few in number, the decrease in European visitors was noticeable.

Meeting/convention business softened in 2000, but 1999 was considered to be a relatively strong convention year in Medicine Hat. Convention business to date is reported down by as much as 10 per cent to 15 per cent.

Optimism prevails for the remainder of the year, with business expected to be better than last year. A projected occupancy of 90 per cent is forecast for September, with strength extending into October and November. This optimism results from the solid corporate market. The 2001 outlook is positive with all interviewed hotels seeking to meet or exceed this year's levels. Advance leisure bookings at several hotels are as good or better than at this time last year – an indicator of good things to come.

Waterton Park:

Summer in Waterton Park brought dry and sunny weather, and an influx of park visitors. National and international awareness of Waterton as a tourism destination resort appeared to be increasing. Significant growth in day visitations and campers to the park was apparent, with one operator advising, for example, an estimated July increase of 20,000 visitors through the park's gates.

The only cloud on the horizon was the smoke and adverse publicity generated by the Montana forest fires, resulting in some tourism drop-off from Western United States visitors in late August and early September.

Summer bookings generally averaged in the high 90 per cent range, with most interviewed properties reporting full occupancy during July and August. Although net revenue rose between two per cent and four per cent, supported by a small rate increase, operators expressed concern about steadily increasing operating costs.

Food and beverage sales remained steady with a small increase over 1999, and most of those interviewed were satisfied with performance. Retail gift shop sales were up slightly but customers appeared to be more price and quality conscious. Outlets reported that they required a better product mix. One property specifically noticed that while sales volumes were up, average expenditures decreased and fewer large ticket items were sold.

Summer tour business was comparable to 1999, with a noticeable decrease in one-time tours. This indicates that Waterton Park is becoming more recognized as a tourist destination area by tour companies. U.S. visitations were down slightly, although Americans still represent the major summer market for park hotels. European and Asian travel traditionally has not been significant to Waterton. Albertans are becoming an increasingly larger part of the market, especially during the shoulder seasons.

The convention/meeting market is not a large component of overall business activity due to the absence of a large conference facility. One property, however, is making a concentrated effort to establish a group/meeting business.

The fall accommodation season is shaping up as the same or better than last year with a busy September, followed by the traditional drop off after Thanksgiving. Shoulder season occupancy is estimated at 60 per cent to 65 per cent. Several hotels close during the winter months.

2001 brings continued optimism with early bookings reported up over the same period in 1999. The consensus is that tourism in Waterton Park will continue to flourish as it becomes better known not only in the Alberta marketplace, but also nationally and internationally. National print media advertising in 2000 by Travel Alberta and the significant increase in Web site activity augur well for the future.

Red Deer and area:

Summer occupancy levels, averaging in the low 70 per cent range, were prevalent in the Red Deer market and contributed to a better accommodation year as compared to 1999. One hotel reported its best summer ever, led by noticeable growth in walk-in traffic. The general market reported a decrease in leisure market travel. Attractions had similar visitor levels to 1999.

Year-to-date business reflects modest occupancy growth. Revenue has strengthened due to a general market rate increase of about five per cent. Hotels catering to the corporate sector displayed ongoing strength, but did report a decrease in leisure and sport team business. One facility, specializing in conference and leisure markets, achieved a steady conference/meeting trade and strong weekend leisure traffic.

On-site food and beverage sales were generally flat or slightly increased – in line with occupancy levels. Growth in Red Deer's restaurant business has negatively affected hotel dining facilities. Meeting and convention business has remained steady with 1999 numbers. One hotel credits an increase in summer weddings for filling the slow summer convention months.

Red Deer is not considered a destination area, so tour group business has minimal impact on total area occupancy. The hotel market is traditionally supported by Alberta visitors, with a noticeable increase this year in guests from Saskatchewan and British Columbia. There is reported growth in U.S. corporate clients related to the petrochemical plants. One chain hotel reported that they had no Japanese business as a result of aggressive rate shopping. Area attractions primarily cater to local market visitors.

The outlook for the remainder of 2000 is positive, with strong early fall bookings and an expectation of business levels similar to 1999. Prospects for 2001 are guarded and are expected to be dependent on leisure travel. With plant construction now nearing completion, some decreases in corporate business is anticipated. Hotels are looking for positive spinoff from the 2001 World Championships in Athletics. There is marketplace concern that the large inventory of hotel rooms may dilute occupancy in Red Deer.

One respondent noted that Red Deer is not considered a destination market, but its proximity to Alberta's major tourist attractions should be marketed to tour companies as a value alternative.

Fort McMurray:

The popular plant and northern lights tours, as well as its increasing reputation as a provider of wilderness adventures, highlight Fort McMurray's leisure travel market. However, the city's accommodation industry continues to be dominated by corporate clients.

Leisure market business has been led by a noticeably stronger seniors' market. More individual seniors' trips were made to Fort McMurray to participate in the locally sponsored plant tours. This has been to the detriment of tour group business, which is down noticeably. The Japanese have been the principal foreign visitor group attracted by the northern light tours. Adventure tours are becoming an emerging tourism market for the area. This year, adventure operators report an increasing number of Eastern Canadian visitors and a decline in travel from the U.S. Of ongoing importance to Fort McMurray's tourism industry is their success in extending corporate travel into tourism related activities.

Albertans represent the area's primary market. The Fort McMurray Visitor's Bureau reports success in extending their provincial market into central Alberta. Their future thrust is to expand the market into the southern part of the province.

The concern of Fort McMurray hotels is to strengthen the normally slow summer season. Summer occupancy, averaging between 45 per cent and 55 per cent, is similar to or slightly above 1999 levels. Year to date operating results generally show an increase over the prior year. Although Fort McMurray is not considered a convention destination point, they hosted several large provincial and national events in 2000.

An optimistic outlook prevails for the rest of 2000. Corporate business continues strong. With an expanding shoulder season, the leisure market is promising for early fall. Plant tours are booked to the end of October. The 2001 forecast is for ongoing corporate strength. Leisure travel opportunities still present concern. Operators remain wary of the effect that recent hotel room growth will have on individual properties.

Grande Prairie and Peace River:

Business in the Grande Prairie and Peace River markets exceeded 1999, focusing on a summer upswing of accommodation demand in both communities. A stronger leisure market highlighted the year with a noticeable growth of walk-in traffic. Grande Prairie won special recognition for its increasing stature as a regional service and market centre. Corporate business, led by the energy sector, is reported to be steady in Grande Prairie, and stronger in Peace River.

The 2000 Alberta Summer Games was a catalyst to a strengthened leisure travel market in Grande Prairie, and pushed occupancy levels to a range of 60 per cent. Growth in leisure travel, which came from increased individual travel business and was supported by steady corporate patronage, resulted in stable net revenues. Fluctuating room rates were reported in the market with property rate reports varying from increase, to decrease, to no change.

Peace River also experienced a stronger seasonal market characterized by increased corporate growth and improved leisure market activity. Summer occupancy levels exceeded 1999. Hotels are to be more than 40 per cent higher. Contrary to the Grande Prairie market scenario, there was little movement in rack rates reported over the year.

Food and beverage sales show a stable or small decline trend in Grande Prairie, attributed to a significant increase in restaurants in the community. In-house Peace River restaurants appear to be holding their own.

Neither area is considered a tourist destination region, so tour group business does not play a major role in overall occupancy levels. While group business was up over the previous year, it has not reached the levels of the mid-1990s.

Both centres noticed growth in regional travellers and increased visitors from British Columbia. As is usual, Americans driving to Alaska lead foreign visitors. The European market was steady, especially from Germany and the U.K. On northern light and Alaska tours, there was a noticeable increase in tourists from Japan, Australia, Switzerland and Sweden.

The strong corporate sector resulted in a profitable convention/meeting trade through the fall, winter and spring months. Increased wedding and family reunion business filled in weaker summer meeting season. Overall, 2000 was a stronger year.

Surveyed properties are predicating ongoing growth to the year's end, based upon a strong corporate market. Optimism is evident for 2001, with strength in the Grande Prairie regional market and continued corporate market strength.

Grande Prairie and Peace River hotels are aggressively targeting convention and seminar business markets. From a leisure market perspective, the primary goal is to extend the length of visitor stay. In Grande Prairie, concern remains about the size of the accommodation room inventory and its negative effect on existing properties.

Edson and Hinton:

The Edson/Hinton accommodation market reports a strong year attributed to the strength of corporate bookings from the robust energy sector. The consensus is that tourism traffic in Hinton was lower than last year, although Edson indicates a fairly good tourist summer season.

Surveyed properties advise excellent results, with year-to-date occupancy and corresponding revenues in some cases up as much as 20 per cent. One hotel experienced its best year ever.

Leisure travel business in both communities is regarded as generally down. Some anomalies occur, however, with several hotels reporting substantial increases as high as 20 per cent to 30 per cent. The consensus is that fewer people are travelling this year, and that the travelling public is much more price conscious. Both communities are endeavouring to establish themselves as value priced alternatives to Jasper National Park. It was reported that the Travel Alberta visitor information centre has made a significant difference in attracting visitors to stay over in Hinton.

A summer occupancy level in the low to mid-90 per cent range was prevalent in the Hinton market, while Edson was somewhat lower, ranging from 70 per cent to the low 90 per cents. All properties with on-site food and beverage facilities report very satisfactory year-over-year increases.

Tour business has not represented a major market component, with 2000 bookings similar or down slightly from 1999. Because of higher accommodation prices in Jasper, Hinton especially is becoming a destination area for some tour groups. Highlights of the 2000 tour season include increased European travel lead by German and U.K. visitors; a flat Asian market with the exception of Korean visitors; and a slightly larger U.S. component. The individual travel market reflected visitor increases from Saskatchewan and British Columbia, with a steady volume of Alberta travellers. Summer convention/meeting business was the same or slightly better than 1999, resulting mainly from the strong energy sector.

There is a very positive outlook for the remainder of 2000, attributed to corporate sector demand. Optimism fuelled by energy activity leads the accommodation industry into 2001, but there is realization in both communities this is a price- and weather-sensitive market.

The 2001 tourism outlook is favourable, with Hinton hotels already reporting advance bookings for the World Championships in Athletics. One Hinton hotel reports advance summer 2001 tour bookings to be the highest in their history. Edson is more conservative in their tourism expectations, and is looking for a year similar to or slightly better than 2000. Edson is considered primarily as a tourist stopover between the park and Edmonton, but is developing an eco-tourism theme along the Cadomin/Robb wilderness areas.

Attractions:

Significant attendance growth at events associated with Edmonton Klondike Days and the Calgary Stampede meant that province-wide attractions met or slightly exceeded 1999 results. Outdoor events throughout the province were the main benefactors of better summer weather, which encouraged increased patronage. The Stampede, for instance, established an all-time attendance record.

National park attractions and park accommodations suffered the same general problems with the decrease of tourist traffic through park gates. Venues generally reported attendance at near 1999 levels, although some were off by at least 10 per cent. Early summer visitation was good, but August experienced a noticeable decline. Some recovery occurred in September, as it was a stronger month. Tour group business generally declined, according to attraction operators. The number of buses were similar, but they were not filled to capacity. With the exception of the Japanese, the year saw a return of a Korean-led Asian market. Declines in attraction attendance by the European and U.S. markets proved to be a disappointment. National park attraction operators expressed concerns regarding the air service situation, and are fearful of the potential ramifications of Bill C-27 on their future growth.

Calgary attractions, with the exception of a very successful Calgary Stampede, generally reported attendance figures similar to 1999. There was a decline in the magnitude of overseas visitors, although the U.K. and Australian travel markets showed growth. Venues reported a noticeable increase in individual attendance to their sites that were unfortunately offset by a general decline in tour bus traffic. Attractions, both indoor and outdoor, are experiencing a solid fall season. Prospects for 2001 are cautious with the level of international bookings off from the previous year. Operators share the concern of declining air service into Calgary.

Edmonton was highlighted by summer festival activities and a 25 per cent increase in attendance at events associated with Klondike Days. However, surveyed outdoor attractions generally experienced an average decrease of about five per cent as compared to 1999. This decline was attributed in large part to several inclement weather weekends in June and August. A campground in close proximity to the city did report full occupancy over the summer months. Major indoor attractions have enjoyed a good year, experiencing visitor number increases of about nine per cent. Attraction operators report that food and beverage sales were up at all venues, with small decreases in retail sales. Attractions are experiencing a good fall season as a result of the good weather. 2001 expectations are positive, fuelled by the expectation of increased visitor traffic from next year's two large international sporting events in Edmonton. Air service concerns are reported to be a downside of market expectations.

Central and southern Alberta attraction attendance was mixed, with weather-dependent venues showing increases of up to 10 per cent, and other operations showing similar numbers to those in 1999. It is reported that visits to central Alberta museums were down this year. The attractions that were interviewed are primarily dominated by local traffic. However, one operator noticed a significant increase in Saskatchewan visitors, a result of word-of-mouth marketing. Southern Alberta attractions noticed a stronger German and Japanese market with some fall-off of U.S. visitors. Non-seasonal attractions are looking for a better fall season predicated because of special event attractions. The outlook for 2001 is positive.

Car Rentals and Tour Companies:

Survey results are confined to southern Alberta markets, so may not accurately reflect Alberta's year 2000 industry activity.

Car rentals exceeded 1999 in a corporate dominated market. Summer results are mixed, with those rental companies that are heavily dependent on airports suffering because of the decline of air seats into Calgary. One airport-located car rental company was more than 10 per cent lower than normal. With good summer weather, the leisure market was positive, especially with weekend tourism business.

The Calgary market performed well, enhanced by an excellent convention year in the city. The World Petroleum Conference was the stimulus, increasing one company's sales by 60 per cent during that period. Banff and Canmore/Kananaskis also reflected good growth.

Despite a general decrease in foreign clients, there was noticeable growth in U.K., Australian and Italian visitors, a steady Japanese market, and decline in clients from France and Germany.

The outlook heading into 2001 is positive, with this year's gains expected to continue. Operators are looking for leisure market increases led by Asian, U.K. and eastern Canadian markets. A potential downside is a concern that over-supply will cause stabilization in this price-sensitive market.

Tour companies report year-to-date positions as ranging from down to significantly better – depending upon region and tour affiliation. Overall summer business was good, showing increases in U.K. and Australian visitors; a strengthening Asian market with the exception of the Japanese; a return of the Korean market; and weakening U.S., German, Japanese and New Zealand markets. Tour companies are optimistic for the upcoming year.

Northern Alberta Adventure Operators:

Most adventure business is seasonal in nature, but operators have proven innovative. They are expanding products, programs and services in support of a wider customer base in age, interest and experience. Operators have established effective ways to extend shoulder-season activity and increase cash flow. Those means are: providing additional northern experiences such as northern light tours, snowmobiling and winter wilderness touring; offering cabins for meetings and retreats; by attracting hunting and guiding business; and by catering to winter commercial crew business.

Northern Alberta adventure operators report a general business growth in 2000. This growth is best described in several observations that although there were more idle days, they were much busier on their operating days. Summer visitors and corresponding revenue increased significantly. Great fishing and good weather made a difference, especially in northeastern Alberta. Several mentioned

success in getting tourism-related business as a spin-off from corporate business contacts.

One operator reported an increase in U.S. visitors, resulting from a concentrated marketing effort to the Pacific Northwest. E-mail requests rose by 50 per cent, and their reservation conversion rate increased significantly. Another targeted the Germanic countries for adventure tours, with poor results. Albertans remain the major market, especially for the smaller operators, but there is an ongoing difficulty in attracting large numbers of Albertans from the south.

Adventure operators are optimistic heading into the fall season, recognising of course that the business is extremely dependent on the weather. One operator reports that fall reservations are up 50 per cent for September and October, and 20 per cent in November, while another indicates steady business to Christmas. All are looking forward to a good 2001, with one venue already fully booked for June, and several budgeting increases of 10 per cent to 25 per cent for next year.

As one adventure operator commented: "Adventure operators must keep expanding in little ways to attract clients. This is evident in better, more focused marketing, more variety in adventure products, enhanced shoulder season activities and better amenities."